

TEACHERS' RETIREMENT BOARD

REGULAR BOARD MEETING

SUBJECT Year 2000 Project Assessment

ITEM NUMBER: 10

ATTACHMENT(S): 0

ACTION: X

DATE OF MEETING: May 6, 1999

INFORMATION: _____

PRESENTER(S): Mr. Martin

The Governor's Executive Order D-3-99 has established Year 2000 solutions as the State of California's top technology priority and through the Department of Information Technology (DOIT) establishes a Year 2000 Project Management Office (Office) to coordinate and assess departmental Year 2000 efforts.

To this end, the Office will be facilitating high level assessments of the Y2K projects of Departments, Boards, Agencies, Data Centers and other State Government entities. These assessments will concentrate on mission critical systems and will be completed by the end of June. The report from these assessments will include an appraisal of the project to date including remediation planning and execution, test methodologies, analyses of critical interfaces, activities that remain to be performed to ensure Year 2000 readiness and an estimate of the financial and other resources that will be required to perform those activities.

Currently the Office has completed pilot assessments of four representative departments. In the course of these pilots, the Office has developed standardized metrics for evaluating and reporting Year 2000 project progress and the requirements for remaining activities.

Due to the Board's plenary authority for administration of CalSTRS, by Board direction, CalSTRS does not report to DOIT, the Department of Finance or Agency relative to technology issues. However as a confirmation of the remediation of our mission critical system, the ON-LINE Information System used to maintain member accounts and pay benefits, it is prudent to have conducted the high level assessment of ON-LINE.

Depending on the type of issues found in the assessment process and also on a sample basis of all assessments, more detailed Software Independent Verification and Validation (IV & V) Plan reviews may be recommended by the Office.

To actually conduct the assessments and the IV & V Reviews, DOIT has contracted with several consulting organizations. The initial main phase of the high level assessments began on April 26, 1999 with CalSTRS being included among this group. It is anticipated that these assessments will take approximately two weeks. Relative to assessment funding, DOIT has asked that

departments pay for them. In the case of the CalSTRS high level assessment, DOIT is asking for \$75,000. At the same time, DOIT has indicated that depending on the scope of the assessment, the cost could escalate. DOIT has indicated that if a department cannot pay for the reviews, then DOIT will seek funding. It should be noted that if an IV & V review is suggested and if CalSTRS concurred to have one conducted, the cost of such a review would most likely be significant. Depending on the reason suggested for one to be conducted, it might not be in the interest of CalSTRS to undergo such a detailed review.

By this agenda item, we are requesting guidance relative to the pleasure of the Board for the funding for the high level assessment. Additionally, we seek a Board decision for delegation to the Chief Executive Officer authority to determine the value of any subsequent IV & V review and to fund it or whether the Board wishes to reserve those decisions to itself.